The Connecticut Small Brand Council Inc.

To preserve, encourage and expand a vast and affordable wine, beer and spirits product selection for Connecticut consumers in the marketplace while also growing jobs.

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The Connecticut Small Brand Council (CSBC) is a 501(c)(6) association that fosters a stronger relationship within the existing three tiered system of companies selling smaller brand products and with the consumer. CSBC has around thirty members including small manufacturers, wholesalers and retailers of alcohol that want to expand the already vast selection of affordable wine, beer and spirit products in Connecticut while also increasing the jobs that these small businesses provide to the framework of the Connecticut economy. The CSBC is an advocate for those companies that create the product, ship it and the Connecticut consumer that buys it.

We are in **support of HB6211 THE OFFERING AND TASTING OF DISTILLED SPIRITS**. Currently beer and wine producers can offer tastings after tours of their facilities and this bill also offers it to distillers in CT, a fast growing segment of the alcohol industry in CT. Currently CSBC members Onyx in East Hartford, Westford Hill Distillers in Ashford and Krā-zē vodka in Montville would all benefit. We are also in **support of HB6212 WINE TASTING AT PACKAGE STORES** which would increase the number of allowable wines offered at tastings to an increased limit but we would suggest maintaining some limitation on a maximum number.

We are in **opposition to HB 6361 AN ACT CONCERNING FAIR ALCOHOL PRICING.** Repealing single bottle pricing will destroy the product selection available today in the market. Package stores will no longer buy individual bottles of boutique smaller market share products the market currently supports, if there is no incentive to buy just a few bottles instead of a case. Most small to medium sized stores average 15% to 20% of their purchases <u>by the bottle</u> and <u>not by the case</u>. As a result, the dominant large market share national brand products will displace those other products and those big chain box retailers will sell for cost which is a loss that they can sustain but no one else can compete against. Add in that big-box chain stores, the growing dominant factor in the market, and there will be a reduction in the variety of products they carry from the small wineries, distillers and craft brewers, and there will be an increase in prices to the consumer ultimately when they gain more market share. Big-box and chain stores will dismantle the pricing of these smaller brand products and make it incredibly difficult for these small manufacturers/wineries/brewers to be competitive in CT and those manufacturers will no longer sell their product here. Large market share national brand products will squeeze out shelf space with case displays and there will be bigger volume, long term purchases which is bad for variety, the consumer and small brand manufactures. Big box chain stores will argue that they sell more products than other retailers, but the real question is why they don't carry more of a smaller brand inventory, and why the smaller brand manufacturers and wholesalers cannot sustain a relationship with these retailers. Additionally, national big box chains have the finances to have the large manufacturers create what are called private product labels exclusive to their stores, which command a higher margin, brands which are only available to them and no other retailers. This is not good for the consumer. An artisan winery, making as few as a couple hundred cases of a given wine, cannot possibly stock a big box chain in several states. The other strike against small wineries, distilleries and breweries is that big box chain stores do not like erratic inventory and SKUs that come in and out of availability, and will not favor them. So if the big box chains dominates a market, this is crushing for a small producer. Add to that that DISCUS (Distilled Spirits Council of the US) only represents spirits manufacturers, two of which, control 80% of the worldwide market, and the real goal here is to put only those name brand products on big-box chain retailer shelves. Also, the largest beer and wine manufacturers in the world have been consolidating at a fast pace the last few years **(see the attached news article from Shanken).** Their ultimate goal, as well, is to increase their product portfolio at the expense of their smaller brand competitors because the ultimate threat to them is smaller players in the market.

Connecticut's many independent small brand alcohol beverage manufacturers, wholesalers and retailers not only bring a vast selection of products to consumers but they also add and create greater revenue, opportunity and support within the local economic cycle than the big –box and chain stores. Distillers such as **Onyx moonshine in East Hartford, Westford Hill Distillers in Ashford, Missing Link Wholesalers in West Hartford, Krā-zē vodka in Montville, Gathering Harvests in Westport, Fine Terroir in Greenwich, New England Wine & Spirit in West Haven,** among our other members, will no longer be viable because their brands will no longer be competitive. The continued success of these native entrepreneurs and policy that recognizes their economic and social value in our communities and to the consumer is a key element in creating a good market for consumers.

The Connecticut Small Brand Council (CSBC),

President, Adam Von Gootkin Onyx Spirits, East Hartford, CT,

Vice President, Doug Rankin, Missing Link Wine Company, West Hartford, CT

Tuesday, February 19, 2013

EXCLUSIVE: Shanken's Impact Analysis Of Top 100 Spirits Brands Sees Biggest Brands Expanding Most

An exclusive report on the world's top 100 premium spirits from Shanken's Impact Newsletter reveals that most of the premium growth in spirits is coming from the biggest brands. While the premium top 100's aggregate increase last year was 1.4%, or 4.6 million cases, the premium top 10 advanced by 4 million cases, or 3.3%.

Eight of the top 10 brands posted growth in 2012: Smirnoff (+4.5%), Johnnie Walker (+7.5%), Captain Morgan (+5.5%), Bacardi (+1%), Absolut (+2.5%), Jack Daniel's (+3.4%), Jägermeister (+2.4%) and Jim Beam (+11.2%). The only top-10 entries to decline last year were Baileys and Jose Cuervo.

The eight brands that grew did so by courting new markets and new audiences—or by extending their franchises with new products. Jack Daniel's Tennessee Honey and Jim Beam's Red Stag, for instance, have been among the most promising launches in recent years in the U.S. market, introducing new consumers to storied brands while essentially creating a new category—flavored whiskies. After showing rapid growth in the United States, Red Stag and Tennessee Honey also are now finding success in new markets around the globe. Meanwhile, Smirnoff, Johnnie Walker and Captain Morgan have achieved significant volume gains in Africa of late—as has stablemate Baileys—while Captain Morgan has begun to take off in Europe.

The top 10 premium spirits brands already sell nearly 100 million cases among them annually. Given their focus on expansion—in terms of geography and innovation—they appear to have plenty of upside remaining. For a full report on Impact's top 100 spirits brands, see the February 1&15 edition of Shanken's Impact Newsletter.